

# CORRECTIONS

## PUBLIC ACT 321 OF 1998

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	FY 1997-98 YEAR-TO-DATE APPROPRIATIONS	FY 1998-99 ENACTED APPROPRIATION	FY 1998-99 ENACTED CHANGE FROM FY 1997-98	
			AMOUNT	PERCENT
<b>FTE POSITIONS</b>	17,235.1	17,387.9	152.8	0.9
<b>GROSS</b>	\$1,389,923,800	\$1,441,935,000	\$52,011,200	3.7
<b>IDG/IDT</b>	6,600,100	6,599,300	(800)	0.0
<b>ADJUSTED GROSS</b>	\$1,383,323,700	\$1,435,335,700	\$52,012,000	3.8
<b>FEDERAL</b>	8,784,100	19,828,800	11,044,700	125.7
<b>LOCAL</b>	434,200	401,100	(33,100)	(7.6)
<b>PRIVATE</b>	0	0	0	0.0
<b>OTHER</b>	43,836,000	46,548,700	2,712,700	6.2
<b>GF/GP</b>	\$1,330,269,400	\$1,368,557,100	\$38,287,700	2.9

### SB 909

Referred to  
Appropriations  
2/24/98

Passed Senate  
3/25/98

Passed House  
6/11/98

Effective  
7/31/98

Conference  
Approved by Senate  
07/01/98

Conference  
Approved by House  
07/01/98



## OVERVIEW - CORRECTIONS

The Michigan Department of Corrections operates under the codification of correctional statutes achieved by Public Act 232 of 1953. As articulated in a departmental policy directive, the Department's mission is to enhance public safety by recommending sanctions to the courts and, as directed by the courts, carrying out the sentences given to convicted adult felons in a humane, cost-efficient manner which is consistent with sound correctional principles and constitutional standards.

The basic elements of the state correctional system are probation, prison, and parole. As of June 30, 1997, the Department was responsible for the supervision of 110,429 offenders: 52,562 probationers; 44,501 prisoners in prisons, camps, and community placement; and 13,587 parolees.

To manage these offenders, the FY 1998-99 budget provides the Department with a gross appropriation of \$1.44 billion dollars, an increase of about 4% over the prior year, after adjustments for FY 1997-98 supplemental appropriations. The GF/GP appropriation of \$1.37 billion represents an increase of about 3% over the prior fiscal year adjusted for supplemental appropriations.

The increases largely represent costs associated with rising numbers of prisoners. In its prison population forecast issued January 30, 1998, the Department of Corrections (DOC) projected prison population growth to be 2,390 in 1998, which would bring the total prison and camp population to 44,859. This growth would follow a calendar year in which the prison population grew by 2,244, an increase of 535 beyond that anticipated by the previous forecast, which was issued in October 1996. The January 1998 projection indicates that absent major changes in trends, the prison and camp population will grow to nearly 52,000 by the end of 2002 — an increase of over 9,000 beds.

Prison population increases have been attributed to a combination of several factors: a reduction in the parole approval rate for violent offenders, increases in the numbers of probation violators being sentenced to prison, and increases in returns to prison of parole violators with new sentences and technical violators of parole.

To accommodate the population increases, 326 previously-unbudgeted beds were added at three prisons in FY1996-97, 1,020 such beds were added at various facilities in FY 1997-98, leasing of out-of-state prison beds has been undertaken, and the construction of an additional 5,420 beds approved through 1998 PA 273, a supplemental appropriations act that includes capital outlay authorizations. (In addition to these expansions, the 480-bed Youth Correctional Facility is scheduled to open in the spring of 1999, and construction is underway for a 672-bed Level V [maximum security] prison near St. Louis, Michigan.)

The degree to which approved bed expansions will relieve prison population pressures will depend in part on the effect of several major sentencing reforms enacted in the summer of 1998: sentencing guidelines, truth-in-sentencing, larceny threshold revisions, parole eligibility for large-quantity drug offenders, and other associated measures.

*continued . . .*

*CORRECTIONS continued*

Further, the FY 1998-99 Corrections budget includes new features aimed at minimizing prison population increases: \$2.0 million for a regional jail program offering funding for construction and remodeling projects that increase local capacity to house offenders who otherwise would be in prison (previous similar programs did not require regional approaches); and, \$4.3 million over prior-year appropriations to fund substance abuse testing and treatment, including four pilot programs intended to explore the effects of substance abuse treatment on criminal behavior and recidivism.

Existing programs encouraging the use of non-prison punishments may experience significant changes in demand over the coming fiscal year: the jail reimbursement program, which provides counties with per-diem payments for housing certain offenders who otherwise would be sent to prison, will be affected by implementation of sentencing guidelines which require local sanctions for all offenders whose guidelines ranges for the minimum sentence have upper limits of 18 months or less. Enacted guidelines legislation further allows state or local incarcerative sanctions for offenders whose guidelines-specified ranges are over 18 months at the upper end and 12 months or less at the lower end. (Sentencing guidelines weight offender and offense characteristics and employ a grid system to identify a range for the offender's minimum term of imprisonment.) The Corrections budget act provides separate jail reimbursement criteria for offenders sentenced under the new guidelines, and further calls for legislative review and recommendations regarding reimbursement criteria following guidelines enactment.

Over the past 15 years, corrections expenditures have been consuming an ever-growing share of the state's General Fund, although the proportion has held steady in the last few years (see Figure 1). Figure 2 shows the main cause of that budgetary growth: a burgeoning prison population. Figure 3 illustrates the Department's January 1998 prison population projection plotted against current and approved capacity — it suggests that the state may again be facing a shortage of beds sometime early in 2001. (*Note:* future capacity estimates assume fairly optimistic opening dates for new facilities, as they are based on February 1999 Executive estimates that assumed early Spring 1999 enactment of capital outlay approval — which was not achieved until late June.) Yet to be determined is the extent to which sentencing reforms and other efforts — or perhaps factors as yet unforeseen — will affect state and local correctional needs.

Figure 1

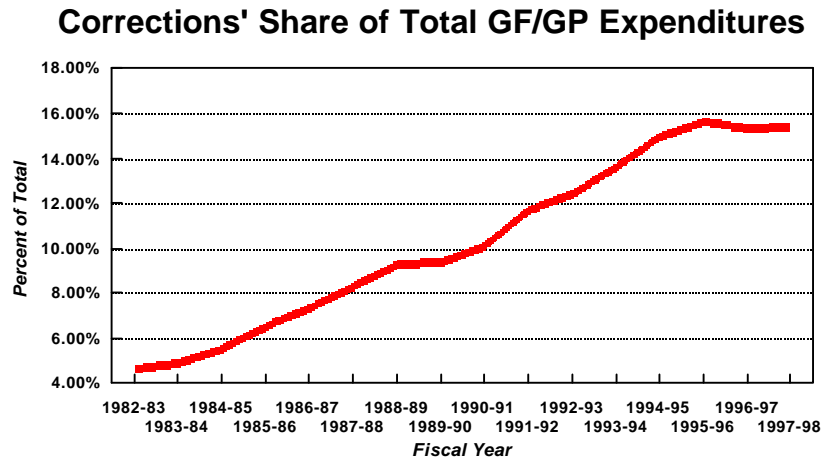


Figure 2

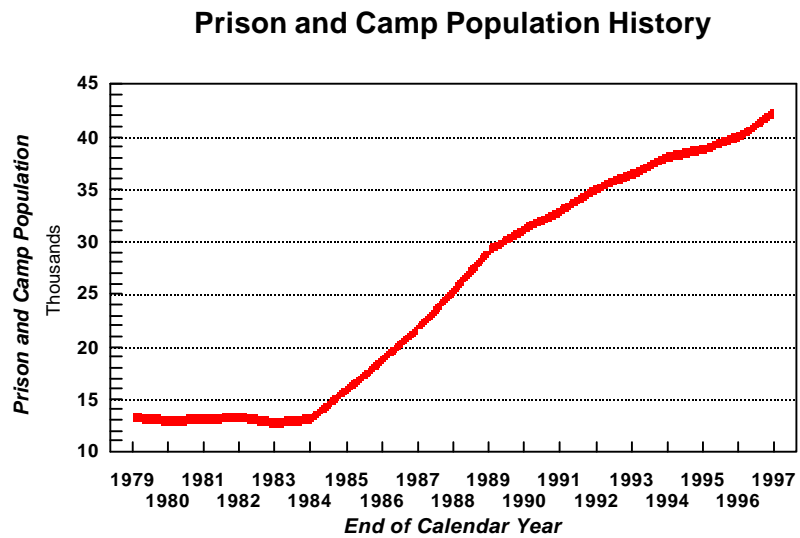
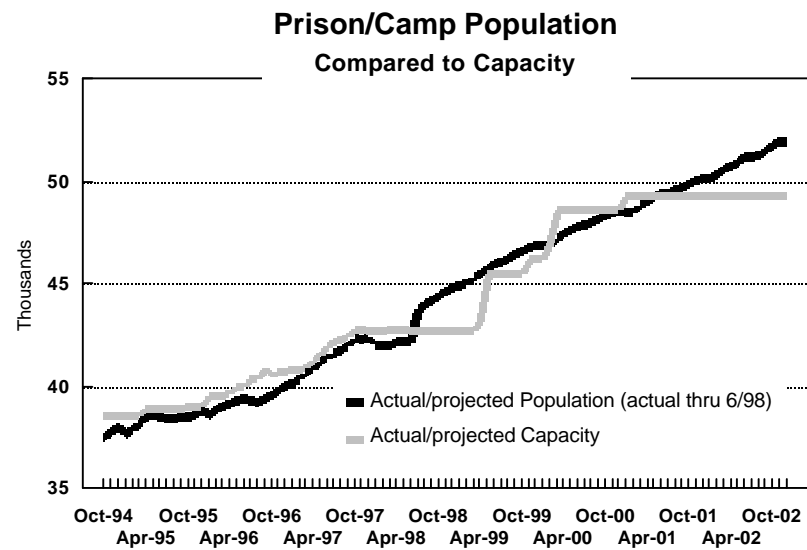


Figure 3



**MAJOR BUDGET CHANGES: FY 1998-99**

<u>Budget Issue</u>	<u>Change from FY 1997-98</u>	
<b>BED SPACE EXPANSIONS</b>		
<b>1.     <i>Leased Beds</i></b>	FTEs	0.0
To cope with increasing numbers of prisoners pending completion of newly-authorized prison construction, the FY 1998-99 budget provides about \$35.8 million for leasing prison beds in out-of-state facilities. Of this sum, \$5.0 million is federal funding under the Violent Offender Incarceration/Truth-in-Sentencing (VOITIS) program. Leased bed funding provided by the FY 1998-99 budget act is in addition to about \$33.5 million provided late in FY 1997-98 through legislative transfers and a supplemental appropriation (enrolled SB 905).	<b>Gross</b>	<b>\$35,807,400</b>
	Federal	5,000,000
	GF/GP	\$30,807,400
<b>2.     <i>Full-Year Costs of FY 1997-98 Expansions</i></b>	FTEs	155.4
In its efforts to accommodate rising numbers of prisoners, the Department of Corrections has expanded available bed space in various facilities. Since October 1997, the Department has added a reported 740 beds in 12 prisons and camps, 94 beds in technical rule violator centers, and 50 beds through a leasing arrangement in the Calhoun County jail. An additional 136 beds are to be gained through double-bunking of administrative segregation cells at three prisons. Full-year costs of these 1,020 beds are expected to be about \$13.8 million. FY 1997-98 costs were met through a legislative transfer approved in June 1998.	<b>Gross</b>	<b>\$13,839,800</b>
	GF/GP	\$13,839,800
<b>3.     <i>Youth Correctional Facility</i></b>	FTEs	2.0
The budget act provides six-month funding for costs associated with the privately-owned and -operated Youth Correctional Facility. This 480-bed facility is to house offenders through the age of 19, and is projected to be at capacity within three years of its planned April 1999 opening date. FY 1998-99 costs of beds leased at the facility are to be largely met with about \$5.2 million of VOITIS funds.	<b>Gross</b>	<b>\$5,938,400</b>
	Federal	5,212,700
	GF/GP	\$725,700
<b>4.     <i>FY 1996-97 Bed Space Expansions</i></b>	FTEs	19.4
The Department added a reported 326 beds at three facilities in FY 1996-97 — 50 beds at Crane, 132 at Cotton, and 144 through the re-opening of A-block at Marquette. Funding for the approximately \$1.8 million in personnel and operational costs associated with these beds was obtained through internal transfers of GF funding from line items receiving increases in non-GF funds.	<b>Gross</b>	<b>\$1,829,000</b>
	GF/GP	\$1,829,000

**MAJOR BUDGET CHANGES: FY 1998-99****Budget Issue****Change from  
FY 1997-98****HEALTH CARE****5.     *Hospital and Specialty Care Adjustments***

In the midst of escalating costs of off-site medical care for prisoners, the Department of Corrections entered into a managed care contract for hospital and specialty care services, commencing April 1, 1997. Full-year savings of \$10.0 million were assumed by the FY 1997-98 budget. However, savings estimates subsequently were revised upward to a total \$14.0 million annually. The Executive recommendation reduced the Hospital and Specialty Care line item by about \$3.5 million through transfers of funding to five clinics and to Muskegon Correctional Facility. The budget act further reduced the line item to reflect total estimated savings.

FTEs                   (3.0)  
**Gross               (\$4,000,000)**  
GF/GP               (\$4,000,000)

**6.     *Prison Clinic Increases***

The Executive recommended increasing funding for various prison clinics, including four of the five privatized clinics, by a total of about \$1.7 million. The final budget act reflects adjustments for amounts attributed to FY 1996-97 off-site care at the privatized clinics. (Prior to implementation of the managed care contract, certain off-site medical services at the privatized clinics were provided by the contract vendor.)

FTEs                   2.0  
**Gross               \$1,167,700**  
GF/GP               \$1,167,700

**7.     *Hackley Hospital Secure Unit***

The budget act provides an additional \$1.9 million and 31.0 FTEs for Muskegon Correctional Facility to staff a new secure unit at Hackley Hospital in Muskegon. The funding was obtained through a corresponding reduction in the Hospital and Specialty Care line item.

FTEs                   31.0  
**Gross               \$1,900,000**  
GF/GP               \$1,900,000

**MAJOR BUDGET CHANGES: FY 1998-99**

<u>Budget Issue</u>		<u>Change from FY 1997-98</u>
<b>8. Substance Abuse Treatment</b>	FTEs	0.0
The budget act increases funding for substance abuse testing and treatment by \$4.3 million Gross, \$3.5 million GF/GP. The act provides for an in-prison therapeutic community treatment program funded at about \$1.1 million. The funding includes \$821,000 in new federal funds approved under the Residential Substance Abuse Treatment for State Prisoners (RSAT) program. (The \$274,000 state match is included in prior-year funding levels.) Plans are for a 120-bed treatment unit at Cooper Street Correctional Facility, with community-based aftercare.	<b>Gross</b>	<b>\$4,321,000</b>
	Federal	821,000
	GF/GP	\$3,500,000

Funding increases include \$1.5 million for a minimum of two in-prison pilot drug treatment programs, with at least one program for male prisoners and one for female prisoners. Boilerplate language calls for program modalities and criteria to be developed by a state interagency work group in consultation with key service providers.

Also included is \$1.0 million for a pilot program aimed at reducing parolee and probationer prison admissions for substance-abuse-related technical violations or crimes. Associated boilerplate language calls for program details to be developed by the state interagency work group in consultation with key service providers.

Finally, funding for existing testing and treatment programs is increased by \$1.0 million – \$500,000 for testing, and \$500,000 for treatment.



**MAJOR BUDGET CHANGES: FY 1998-99****Budget Issue****Change from  
FY 1997-98****ALTERNATIVES TO INCARCERATION****9.     *Local Facility Expansion Program/  
          Regional Jail Program***

FTEs	0.0
<b>Gross</b>	<b>(\$2,000,000)</b>
GF/GP	(\$2,000,000)

The FY 1997-98 budget act provided \$4.0 million for a local facility expansion program offering up to \$8,000 per bed for local construction or renovation projects that directly or indirectly increase local capacity to house prisoners or offenders who ordinarily would have been sent to prison. A legislative transfer approved in June 1998 provided an additional \$3.0 million for this program, which was set up as a work project.

The FY 1998-99 budget act provides a total of \$2.0 million for one or more regional jails under boilerplate provisions echoing those in the FY1997-98 budget act for the local facility expansion program. (The regional jail appropriation thus is \$2.0 million less than the original FY 1997-98 appropriation for the local facility expansion program.) Funding is capped at \$8,000 per bed, projects would have to demonstrably increase local capacity to house prison-bound felons, and the program would be administered by the Office of Community Corrections (OCC).

The FY 1998-99 program would differ from the prior year's program in being limited to multicounty projects providing regional jail beds through intercounty agreements to mutually develop and maintain one or more regional jail facilities.

**MAJOR BUDGET CHANGES: FY 1998-99**

<u>Budget Issue</u>		<u>Change from FY 1997-98</u>
<b>10. County Jail Reimbursement Program</b>	FTEs	0.0
Under the county jail reimbursement program, the state pays counties for housing certain felons — namely those with sentencing guidelines minimums of 12 months or more, third-offense drunk drivers, and habitual offenders. Boilerplate language sets the criteria for and rate of reimbursement. Starting in FY 1997-98, habitual offenders are reimbursable only if they are being “habitualized” for their third or subsequent offense. Also starting in FY 1997-98, a two-tier reimbursement schedule based on county population was instituted, along with special provisions for beds developed under multicounty projects funded under the local facility expansion program.	<b>Gross</b>	<b>\$628,000</b>
	Restricted	388,900
	GF/GP	\$239,100

The jail reimbursement program is, in part, supported by fees paid by long distance carriers under contract with the state for prisoner telephone service. Due to prisoner population increases, the Executive has projected a \$388,900 increase in this revenue. The Executive also recommended an increase of \$628,000 in the appropriation for the jail reimbursement program, with the net result being a \$239,100 increase in general fund support.

The Executive further recommended adjusting reimbursement criteria to accommodate enactment of legislative sentencing guidelines. For offenses committed on or after the effective date of legislative sentencing guidelines, reimbursement would be for offenders with guidelines minimums of over 12 months (rather than 12 months or more) and habitual offenders would be reimbursable based on their guidelines scores, rather than by virtue of being habitual offenders.

The budget act incorporates the Executive recommendation, along with legislatively-developed language providing for legislative review and adjustment of reimbursement criteria following enactment of sentencing guidelines. (Sentencing guidelines legislation was enacted by 1998 PA 317, approved July 28, 1998.)

**ECONOMIC AND RETIREMENT ISSUES: FY 1998-99****ECONOMIC ISSUES*****Economic Adjustments***

Economic increases: \$2,033,800 Gross, \$1,827,000 GF/GP. *Increases* are for classified salaries (\$23,504,400 gross, \$20,501,100 GF/GP); unclassified salaries (\$36,500 gross and GF/GP); insurance (\$13,937,700 gross, \$12,181,400 GF/GP); transportation (\$1,800 gross and GF/GP); medical supplies (\$656,100 Gross and GF/GP); food (\$1,146,800 Gross, \$1,117,000 GF/GP); workers' compensation (\$1,344,300 Gross and GF/GP); and, fuel and utilities (\$1,082,400 Gross, \$1,075,600 GF/GP).

FTEs	0.0
<b>Gross</b>	<b>\$2,033,800</b>
GF/GP	\$1,827,000

Economic *decreases* are included for retirement (\$39,595,700 Gross, \$35,006,300 GF/GP), and building occupancy charges (\$80,500 Gross and GF/GP).

**RETIREMENT ISSUES*****Early Retirement Replacement Positions***

The budget act incorporates adjustments reflecting savings estimated to accrue through filling of early retirement vacancies with lower-paid personnel.

<b>Gross</b>	<b>(\$1,500,000)</b>
GF/GP	(\$1,500,000)

**MAJOR BOILERPLATE CHANGES: FY 1998-99****1. *Substance Abuse Treatment and Testing***

The budget act provides for implementation of a minimum of four pilot drug treatment programs: one federally-funded, prison-based program; two state-funded, prison-based programs (one for women); and a technical rule violator program. Under the terms of the approved grant, the federally-funded program is to be an in-prison therapeutic community with aftercare in the community. The remaining programs are to be designed by a state interagency work group working in consultation with key provider groups. The Department is to contract with one or more independent third parties for evaluation and monitoring of alcohol and drug treatment pilot programs. The Department also is to develop a system of monitoring and reporting drug testing data.

**2. *Leased Beds***

The act requires the Department to notify the legislature if average per diem spending on prisoners incarcerated out of state rises or is expected to rise above \$67 per day. The notification is to include information on cost components causing the increase. The act also requires a report by May 15, 1999 on the status and details of all out-of-state leases.

**MAJOR BOILERPLATE CHANGES: FY 1998-99****3.     *Regional Jail***

The act provides for a regional jail program under provisions largely echoing those for the current local facility expansion program. Like its predecessor, the program would offer up to \$8,000 per bed for construction or renovation projects that directly or indirectly increase local capacity to house offenders who otherwise would occupy prison beds. However, under the FY 1998-99 program, funding could be allocated only for multicounty construction or renovation projects providing regional jail beds through intercounty agreements to mutually develop and maintain one or more regional jail facilities.

**4.     *Jail Reimbursement Program***

The jail reimbursement program offers counties per-diem payments for housing certain felons considered to be prison-bound: those with sentencing guidelines minimums of 12 months or more, third-offense drunk drivers, and habitual offenders being sentenced for their third or subsequent felony. The FY 1998-99 budget act maintains prior year jail reimbursement criteria for offenses committed prior to the effective date of sentencing guidelines legislation, but adjusts criteria for offenses committed on or after that date. Reimbursement would be for offenders with guidelines minimums of more than 12 months (rather than 12 months or more), and habitual offenders would be reimbursable based on their guidelines scores, rather than by virtue of being habitual offenders. (Current law allows reimbursement for all habitual offenders who are being "habitualized" for their third or subsequent offense.) The act also provides for legislative review and recommendations regarding reimbursement criteria following enactment of sentencing guidelines legislation. (Sentencing guidelines were enacted by 1998 PA 317.)

**5.     *Evaluation of Community Corrections (OCC) Policies***

The act requires the Department to develop an agreement with an independent third party for a comprehensive statewide evaluation of departmental community corrections policies.

**6.     *Health Care***

The act requires reports to the legislature on payments from contractors to vendors for health care services provided to prisoners. It expresses a legislative intent for the auditor general to conduct an annual audit of vendor payments for health care services provided to prisoners. And it also expresses a legislative intent that local health care providers be considered and given an opportunity to bid as vendors in future managed care contracts.

**7.     *Smoking***

The act calls for the Department to investigate and report on the feasibility of smoking cessation programs.

**VETOES: FY 1998-99**

None

## Corrections

### REVENUE INCREASES: FY 1998-99

#### **1. Telephone Fees and Commissions**

The Department receives revenues from long-distance carriers for prisoner telephone use. Due to prison population increases, telephone fees and commissions are projected to increase almost \$400,000 in FY 1998-99. Telephone fees and commissions support the jail reimbursement program.

	<b>Gross</b>	<b>\$0</b>
Restricted		\$388,900
GF/GP		(\$388,900)

#### **2. Probation Oversight Fees**

Statute generally requires the court and parole board to include in each felon's order of probation or parole an order that the DOC collect a supervision fee of up to \$30 per month, according to an income-based sliding scale. Revenues are expected to increase due to a combination of improved collections and increases in the supervised population.

	<b>Gross</b>	<b>\$0</b>
Restricted		1,200,000
GF/GP		(\$1,200,000)

#### **3. Community Placement Resident Contributions**

Room and board collections from prisoners in community residential centers exceeded the corresponding deduct by about \$1.2 million in FY 1996-97, and the budget act increases the deduct accordingly.

	<b>Gross</b>	<b>\$0</b>
Restricted		1,200,000
GF/GP		(\$1,200,000)

### SUPPLEMENTAL APPROPRIATIONS: FY 1997-98

#### **Leased beds**

Enrolled SB 905 provides \$28.0 million for the Correctional Facilities Administration line item. In conjunction with about \$5.5 million added to this line item by a June 1998 legislative transfer and the \$35.8 million included in the FY 1998-99 MDOC budget act, a total of about \$69.3 million is available to meet costs of leasing prison beds through the end of FY 1998-99.

	<b>Gross</b>	<b>\$28,000,000</b>
GF/GP		\$28,000,000